

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1689 - SB 2299

March 10, 2014

SUMMARY OF BILL: Requires a local government entity charged with building code enforcement to inspect residential rental properties where an alleged violation has occurred upon the request of the residential tenant. Requires all records pertaining to such code violations kept by state and local government to be available to all persons having a reasonable need for the information at reasonable times. Establishes requirements for landlords to provide notification to tenants, potential tenants, or potential buyers of the rental property of code violations; establishes a complaint and remedy process to be taken by tenants or local governments against landlords who are in violation of codes. Establishes a fee structure and a Class A misdemeanor for landlords in violation of code and who fail to comply with the provisions of this bill. Authorizes the court to appoint an administrator, who may be a person or a local government, to take over the rental property and correct violations of code on the rental property. Authorizes the court to allow a reasonable amount to be charged by an administrator for the cost of their services, entered as judgment against the landlord. Authorizes the Attorney General to investigate and prosecute violations established by the bill.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$10,000*

Assumptions:

- According to the Department of Commerce & Insurance, the provisions of the bill will not fiscally impact the department.
- According to the Tennessee Housing Development Agency, the provisions of the bill will not fiscally impact the agency.
- Based on information provided by the County Technical Assistance Service and the Municipal Technical Advisory Service, local governments could see increased costs associated with the required inspections; however any such increase is dependent upon the number of inspections required by each local government entity. While a precise fiscal impact is indeterminable, it is reasonably estimated to exceed \$10,000 statewide.
- It is assumed any local government appointed by the court as an administrator would recoup all costs associated with the rehabilitation of the property through a judgment on the landlord issued by the court.
- It is assumed that the proposed legislation will not result in a significant number of misdemeanor convictions.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

IMPACT TO COMMERCE:

Other Fiscal Impact – Due to multiple unknown variables, a precise impact to commerce cannot reasonably be determined.

Assumption:

- Due to multiple unknown factors, such as how many landlords will be found in violation of code pursuant to the provisions of this bill, the extent of landlords who will be fined as a result of repeated violations and judgments for repayment of costs incurred by court-appointed administrators, and how rental businesses will be impacted statewide, a precise impact to commerce is indeterminable.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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